

Severance Plan



Severance Pay is money paid by the Company to some workers whose employment ends involuntarily. It is paid in recognition of their years of service and the effort these employees put into the Company.

For more information on...	See Page...
Who Can Receive Severance Pay	3
Who is Not Eligible for Severance Pay	4
How Severance Pay is Determined	5
How Your Severance Pay is Paid Out	6
Conditions for Severance Pay	6

Highlights



The Severance Plan...

...Can Help Sustain You Financially Until You Find a New Job

Severance pay isn't a benefit that companies are required to offer employees. But it certainly can help to provide a financial cushion, making the transition between jobs easier and less stressful.

...Recognizes Your Years of Company Service

Employees with a longer history with the Company receive a larger amount of severance pay. The severance pay you may receive is directly linked to your length of service with the Company.

...Is Paid in Addition to Other Benefits

In addition to severance pay, there are other benefits that may help your financial situation while you are between jobs. When you leave the Company, you may be paid for your earned but unused vacation time. You may be eligible for unemployment benefits as well.

Who Can Receive Severance Pay

If you are a regular, salaried employee and your employment ends involuntarily, you may be eligible for the severance pay benefits provided through the severance plan. In other words, the Company must initiate the termination, and it should be reflected as such in the Company's records.

The reason for your termination must not be due to "cause." The Company defines "cause" as termination due to poor performance, misconduct, or a violation of the Company's rules or policies.

You also will be eligible for severance pay benefits if your employment is terminated because you are disabled and you:

- receive benefits for 24 consecutive months under the Company's long-term disability plan and are approved for the second phase of long-term disability benefits
or
- are no longer considered to be totally disabled (during the initial 24 month period of receiving long-term disability benefits under the Company's plan), but the Company does not have a position available for you to return to work at that time.

To qualify for severance pay benefits, you also must receive a notification letter from an authorized Company official stating that your employment is being terminated and that you are eligible for severance pay benefits. This letter will be sent to you immediately before or at the time of your termination of employment.

If you do not receive a notification letter, you will not receive and are not eligible for severance pay benefits.

Your Termination Date

Your last day of active employment as designated by the Company is called your "termination date." The Company reserves the right to change your termination date if business circumstances require it.



Who is Not Eligible for Severance Pay

If you do not meet the eligibility criteria, you will not be entitled to any severance pay or similar benefits when you leave the Company. You are not eligible for severance pay benefits if you are:

- employed in a temporary position or an independent contractor position
- a member of a bargaining unit (union)
- an employee with less than three months of Company service credit
- ending your employment with the Company due to your death
- leaving the Company voluntarily (unless you resign after receiving your notification letter)
- terminated for cause, which may include poor performance, misconduct, or violation of the Company's rules or policies
- terminated due to a temporary suspension of work
- offered employment with a U.S. government contractor or subcontractor within the Department of Energy Oak Ridge Operations after your job is eliminated, and if the contract with the third party required them to offer you employment in connection with the transfer of work, and you are not required to relocate
- are employed by or receive an offer of employment with a replacement contractor unless the Department of Energy authorizes the Company to pay severance benefits under the plan, and agrees to reimburse the Company in full
- an employee who has signed a waiver of benefits whether or not the waiver was executed before or in connection with the end of your employment with the Company.

The Company has the sole discretion to determine your eligibility for severance pay and the amount of severance pay you may receive if you are eligible.

How Severance Pay is Determined

The amount of severance pay you will receive is based on your Company service credit and your

base pay as of the date immediately before your termination date.

Company Service Credit	Severance Pay at Base Rate
Under 3 months	No pay
3 months and under 1 year	Proportion of 1/2 month's pay equal to completed months of service in relation to 12 months of service*
1 year and under 3 years	1/2 month's pay
3 years and under 5 years	3/4 month's pay
5 years and under 7 years	1 month's pay
7 years and under 10 years	1-1/2 month's pay
10 years	2 month's pay
11 years or more	2 month's pay plus 1/4 month for each additional full year of service
* For example, if you have 8 months of Company service, that is equal to 2/3 of a year of service, so your benefit would be equal to 2/3 of 1/2 month's pay.	

Your "company service credit" will be determined as of your termination date and will take into consideration prior service under Lockheed Martin Energy Systems, Lockheed Martin Energy Research and Lockheed Martin Utility Services. If you are rehired, you will not receive any company service credit under the severance plan for any period of service for which a severance benefit or layoff allowance previously has been paid to you.

Your "base pay" is defined as your regular, straight-time pay for your normal work schedule. It does not include overtime pay, bonuses, commissions, fees, incentive allowances, or Company-provided benefits.



How Your Severance Pay is Paid Out

Severance benefits will be paid to you in the form of a lump-sum payment as soon as administratively possible after your termination date. Deductions will be made for taxes and all other required or authorized deductions.

If you owe the Company any unpaid debts, the Company may withhold this amount from your severance pay.

If the Company rehires you before the end of the period covered by the severance benefits, you must return the difference to the Company before you begin work again. For example, if you received 20 weeks of severance benefits and are re-employed after 15 weeks, you must return the difference (in this case, five weeks' worth of pay) to the Company.

Conditions for Severance Pay

To be eligible to receive severance pay, you will be required to turn in all Company property, including, but not limited to:

- materials, documents, plans, records or papers, or any copies of documents that in any way relate to the Company's affairs
- tools
- vehicles
- manuals

- credit cards and any money due to the Company
- computer equipment
- cellular phones and pagers
- security badges.

You also must sign a termination statement provided by the Company.